

Message Text

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PAGE 01 GENEVA 06328 271445Z
ACTION STR-04

INFO OCT-01 EA-09 IO-14 ISO-00 STRE-00 FEA-01 AGRE-00
CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FRB-01 H-02
INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02
AID-05 SS-15 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02
OMB-01 AF-10 ARA-14 EUR-12 NEA-10 /153 W
-----097008 272255Z /15

R 271302Z JUL 77
FM USMISSION GENEVA
TO SECSTATE WASHDC 9718
INFO AMEMBASSY TOKYO

UNCLAS GENEVA 6328

E.O. 11652: N/A
TAGS: ETRD, GATT, JA
SUBJECT: THROWN SILK

REF: STATE 172084

WRITTEN NOTIFICATION TO GATT OF U.S. COMPLAINT ON THROWN
SILK (GATT DOCUMENT L/4530), DRAWN FROM STATEMENT REFTEL, READS
AS FOLLOWS: BEGIN QUOTE.

JAPANESE RESTRICTIONS ON IMPORTS OF THROWN SILK YARN

RECOURSE TO ARTICLE XXIII:2 BY THE UNITED STATES
THE FOLLOWING COMMUNICATION, DATED 25 JULY 1977, HAS BEEN
RECEIVED FROM THE DELEGATION OF THE UNITED STATES.

IN FEBRUARY 1976, JAPANESE FOREIGN EXCHANGE BANKS WERE IN-
STRUCTED BY MITI NOT TO OPEN ANY NEW LETTERS OF CREDIT FOR
THROWN SILK YARNS FROM THE UNITED STATES. THE JAPANESE GOV-
ERNMENT DID NOT NOTIFY THOSE IMPORT RESTRICTIONS ON THROWN
SILK TO THE GATT.

SINCE MID-1976, IMPORTS OF THROWN SILK YARN FROM COUN-
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TRIES SUCH AS THE PEOPLE'S REPUBLIC OF CHINA, THE REPUB-
LIC OF KOREA, AND THE REPUBLIC OF CHINA HAVE CONTINUED
TO ENTER JAPAN UNDER QUOTAS NEGOTIATED WITH THOSE COUN-
TRIES. ADDITIONAL AMOUNTS HAVE BEEN LICENSED FOR IMPORT
FROM OTHER SUPPLIERS WHO DID NOT HAVE A QUOTA ARRANGE-
MENT WITH JAPAN, BUT EXPORTS FROM THE UNITED STATES CON-
TINUED TO BE DENIED ENTRY INTO JAPAN.

IN MAY OF 1977, THE JAPANESE GOVERNMENT NOTIFIED THE GATT THAT IT WAS INSTITUTING A "PRIOR PERMISSION SYSTEM" UNDER ARTICLE XVII. IMPORTS OF THROWN SILK FROM THE UNITED STATES CONTINUE TO BE DENIED ENTRY INTO JAPAN UNDER THIS SYSTEM.

THE UNITED STATES GOVERNMENT CONSIDERS THAT THE JAPANESE RESTRICTIONS ON THROWN SILK CONSTITUTE UNJUSTIFIABLE RESTRICTIONS AGAINST UNITED STATES EXPORTS AND ARE CONTRARY TO THE GATT BY: (1) VIOLATING THE MOST-FAVOURED-NATION PROVISION OF ARTICLE I; (2) VIOLATING THE ARTICLE XI PROHIBITION AGAINST THE IMPOSITION OF QUANTITATIVE RESTRICTIONS; (3) APPLYING THE QUANTITATIVE RESTRICTIONS IN A DISCRIMINATORY FASHION CONTRARY TO ARTICLE XIII; AND (4) VIOLATING ARTICLE XV BY USING FOREIGN EXCHANGE BANKS TO THWART THE PRINCIPLES OF THE GENERAL AGREEMENT.

SINCE MID-1976 THE UNITED STATES HAS CONDUCTED EXTENDED CONSULTATIONS WITH THE GOVERNMENT OF JAPAN, BUT THERE HAS BEEN NO SATISFACTORY SOLUTION TO THIS PROBLEM.

CONSIDERING THAT THE JAPANESE RESTRICTIONS ARE UNJUSTIFIED AND INCONSISTENT WITH JAPAN'S OBLIGATIONS UNDER THE GENERAL AGREEMENT AND THAT THEY CONSTITUTE A NULLIFICATION OR IMPAIRMENT OF UNITED STATES RIGHTS UNDER THE GENERAL AGREEMENT, AND THAT CONSULTATIONS BE-

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TWEEN THE UNITED STATES AND JAPAN HAVE YIELDED NO RESULT, THE UNITED STATES REQUESTS THE CONTRACTING PARTIES TO INITIATE THE INVESTIGATION PROCEDURE PROVIDED UNDER ARTICLE XXIII:2. END QUOTE. VANDEN HEUVEL

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Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: SILK, TRADE COMPLAINTS, IMPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Sent Date: 27-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
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Format: TEL
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Review Release Date: n/a
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Review Withdrawn Fields: n/a
SAS ID: 1737891
Secure: OPEN
Status: NATIVE
Subject: THROWN SILK
TAGS: ETRD, JA, US, GATT
To: STATE
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